

**Adult Care Home Petition
Received Regarding Proposed 2008 State Medical Facilities Plan**

Attached are:

- 1) Agency Report: Petition from the Housing Authority of the City of Wilson.**
- 2) Petition from the Housing Authority of the City of Wilson and additional information.**

AGENCY REPORT:

Proposed 2008 Plan

Notes related to **Adult Care Home Petition** from the **Housing Authority of the City of Wilson, Wilson County**

Request

The **Housing Authority of the City of Wilson** submitted a petition for a need determination for 58 adult care home beds in Wilson County.

Background Information

The adult care home bed need determination methodology uses basic principles utilized in the SMFP nursing facility assumptions and methodology. The methodology projects future bed utilization based on age-specific use rates applied to each county's projected age-specific civilian population. The projected bed utilization is adjusted for each county's "planning inventory" of adult care home beds to determine a surplus or deficit of beds. If any county's deficit is 10% to 50% of its total projected bed need, and the average occupancy of licensed beds in the county, excluding Continuing Care Retirement Communities, is 85% or greater based on utilization data reported on 2007 Renewal Applications, the need determination is the amount of the deficit rounded to 10. If any county's deficit is 50% or more of its total projected bed need, the need determination is the amount of its deficit rounded to closest number divisible by 10. As noted in the Proposed 2008 Plan, the planning inventory of beds is subject to change based on whether or not defined conditions have been met to allow for continued development of the "exempt" or "pipeline" beds that have been included in the inventory, settlement or litigation, and other inventory changes.

It should be noted that any person may submit a certificate of need application for approval for a need determination in the Plan. Therefore, should there be a need determination in the 2008 Plan, the CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The petition was provided to the following for comment: North Carolina Assisted Living Association, North Carolina Association of Long Term Care Facilities, North Carolina Association of Non-Profit Homes for the Aging, North Carolina Health Care Facilities Association, and North Carolina Hospital Association. Attached is a written comment received from the North Carolina Association of Long Term Care Facilities.

Analysis of Petition

Wilson County has seven adult care home facilities with a total of 483 beds. Using population projections for the year 2011, the standard methodology indicates a projected surplus of 174 adult care home beds in Wilson County. Therefore, based on the standard methodology, there is not a need determination in Wilson County.

Based on information reported on year 2007 Licensure renewal applications, there was a vacancy rate of approximately 24% in the free standing (not nursing facility based) adult care homes in the county. Nursing facility based adult care homes reported a vacancy rate of 54%.

on the 2007 License applications in 59 beds. It is interesting to note that one of the nursing facilities reduced the number of licensed beds from 20 to 12 beds within the last year.

It is not clear why persons could not be placed in existing adult care home beds if there are empty licensed beds. Based on a 24% vacancy rate, approximately 103 beds in free standing adult care homes would be empty in addition to there being empty adult care home beds in nursing facilities.

The petitioner states that the request is based on allowing low-income seniors and disabled adults to age in place in their homes and avoid premature institutionalization at a higher cost to the State and Wilson County. The petitioner indicates that persons could be moved into the facility from other Authority locations which appears to contradict the concept of aging in place.

The petitioner notes that several residents were admitted to nursing facilities. However, per the Adult Care Licensure Section, based on information from the Wilson County Department of Social Services, housing authority residents were admitted to adult care home beds.

It also is not clear how there would be a lower cost to the State and County since the residents would presumably qualify for Medicaid whether they were in the Housing Authority facility or an existing adult care home.

The petitioner requests a revision of the methodology to include factors other than age. Petitions for changes to the 2008 Plan methodologies should have been filed by March 7, 2007. However, petitions for methodology revisions may be filed by February 29, 2008 for consideration for inclusion in the Proposed 2009 Plan.

The Agency notes concern about a precedent being set if the petition were to be granted given the number of requests that could be made in the future by housing authorities across the state.

One of the reasons noted by the Wilson County Board of Commissioners for supporting the adult care home beds is its Medicaid costs. This may not be as much an issue given the legislation passed this year removing this as a cost to Counties.

Statements are made that the building would require minimum capital investment to comply with adult care home licensing requirements. However, an evaluation of the building by the Division's Construction Section indicated numerous changes that would be needed. Based on this information, it is the Division's understanding that the petitioner may be reconsidering renovation of the existing building in favor of new construction.

In the talking points, it states that no medical services will be provided and healthcare services would be contracted with existing providers. But, to be licensed as an adult care home, they would need to have staff to meet licensure requirements.

It is noted in the letter from the DHHS that persons in Tasmin Towers received home care services from existing agencies and also received assistance under the Community Alternatives Program for Disabled Adults. Also noted is the State/County Special Assistance

In-Home Option administered by the Wilson County DSS which the Division of Aging and Adult Services identified as an alternative to placement in an adult care home.

Agency Recommendation

With regard to disposition of this petition, the Agency recommends that the petition be denied.

Options the Petitioner May Wish to Consider.

Acquiring an existing adult care home in Wilson County. Acquisition of an existing facility does not require a Certificate of Need if prior written notice of the acquisition is provided to the Certificate of Need Section.

Development of one or more free standing Family Care Homes which have six or fewer adult care beds and do not require receipt of a Certificate of Need.

While the petitioner has indicated they had considered development of "Multi-Unit Assisted Housing with Services (MAHS)", they may wish to re-consider this option given information regarding the extent to which Tasmin Towers would need to be renovated to meet Adult Care Home licensure requirements.

Use of alternatives as outlined in the DHHS letter regarding existing services available for residents of the housing authority.

The petitioner is encouraged to discuss options with the Division of Health Service Regulation Adult Care Licensure Section, Acute and Home Care Licensure and Certification Section, and Certificate of Need Section and others regarding relevant policies, criteria, standards and statutory requirements.

Subject: RE: PetitionForAdultCareHomeBeds
From: "Lou Wilson" <lou@ncaltcf.com>
Date: Tue, 4 Sep 2007 15:29:29 -0400
To: "Floyd Cogley" <Floyd.Cogley@ncmail.net>

September 4, 2007

To: Mr. Floyd Cogley, Planner, Medical Facilities Planning Section
From: Lou B. Wilson, Executive Director, NC Association, Long Term Care
Re: Petition-Housing Authority, City of Wilson

The NC Association, Long Term Care Facilities opposes the petition from the Wilson Housing Authority to license 58 adult care home beds for the following reasons:

- 1) The State Medical Facilities Planning Section clearly has an established methodology by which to project the need for adult care home beds. The law is clear. It would be unfair to existing adult care home providers to change methodology for one region of the state only.
- 2) Homes for the Aged including Family care Homes totals more than 500 licensed adult care home beds in Wilson County.
- 3) Approximately 25 % of the total licensed beds are vacant.
- 4) According to adult care home administrators in Wilson County the statement regarding the homes being too restrictive for admissions is a false assumption.
- 5) Licensed adult care homes in Wilson County have stated they stand ready to assist the Housing Authority with placement needs.

Thank you for the opportunity to comment on this proposal.

Petition for Adjustments to Need Determinations
Adult Care Homes
by
Housing Authority of the City of Wilson

Petitioner:

Edward R. Jagnandan, Director
Housing Authority of the City of Wilson
P.O. Box 185,
Wilson, North Carolina 27894-0185
Phone: 252 291-2245
Fax: 252 291-0984

DFS Health Planning
RECEIVED

AUG 17 2007

MEDICAL FACILITIES
PLANNING SECTION

Statement of Request:

City of Wilson Housing Authority requests for an adjustment to the Need Determination to increase the number of adult home bed in the County of Wilson. The reason for our request is based on the need to allow low-income seniors and disabled adults to age in place in their homes and avoid premature institutionalization at a higher cost to the state and Wilson County. The Proposed 2008 State Medical Facilities Plan reports a surplus of 174 adult home care beds in Wilson County. However, within the City of Wilson Housing Authority alone, 17 residents have entered a nursing home due to the lack of adult care home alternative. We strongly believe that a pocket of low income, frail, under the poverty level, living alone resides at the housing authority that have no alternatives but a nursing home when no longer able to live independently. The criteria used by the State in determining need only include age. However, a national determinant of the demand for long care includes other important factors, living alone, under the poverty level and with multiple disabilities and health issues. We would like to request a revision of the methodology used by the State to include these factors in view of the demographics of Wilson County and the City of Wilson.

Proposed Adjustment Justification:

Wilson County has one of the largest concentrations of low income seniors/disabled adults, living alone, under the poverty level with multiple health and mobility problems. The methodology for determining demand for long term care is based not only on age, but income, multiple mobility problems and lack of caretakers (living alone). However, North Carolina only considers age in determining need. A market analysis conducted by City of Wilson Housing Authority identified over 10,000 senior/disabled adults, living alone, under the poverty level with multiple mobility and health problems in Wilson County. The Proposed 2008 State Medical Facility Plan determined that only 25.55 beds /1,000 residents are needed for the age category of 65-74 years. Using age as a determinant alone and based on our market analysis, you will need 253 beds for that age category alone. A phone interview to licensed adult care homes in the area revealed restrictions as to the type of residents that could be admitted. In addition, state plan

residents can only move to a shared accommodation unit with a bathroom shared by five individuals.

Housing authorities provide private accommodations in debt-free buildings, subsidized by the federal government and in compliance with federal regulations. Residents of public housing wish to remain in their homes where they have lived an average of ten years. Conversion of existing public housing facilities require a minimum of capital investment (less than \$500,000) to comply with adult care home licensing requirements. All medical services are to be provided by existing healthcare providers in the area.

Disabled and elderly residents will enter nursing home prematurely if this adjustment is not approved. The cost to the county, state and taxpayers will continue to increase as this not only affects the quality of life of these residents but the cost to taxpayers, counties and the state. The per diem cost in a nursing home is \$100/resident versus \$45 in community care. With no debt service, taxes, capital costs, no profit incentive, coupled with a rental subsidy, these public housing facilities are able to provide higher quality of services. Over 100 housing authorities in nationwide have implemented assisted living services with excellent results.

Existing licensed adult care homes only admit residents that are not mobile impaired, have no symptoms of dementia or require more attention than the facility is willing to offer. Public housing staff was not successful in placing residents in the existing adult care home facilities. Housing authorities wanted to obtain a license to provide services in their federally regulated facilities but were unable due to the certificate of need and the moratorium on new beds. Several meetings were held with the State Department of Health & Human Services and local department of social services. All these meetings were unsuccessful in finding a care alternative. One suggestion was to obtain a certificate as a multi-unit assisted housing program. The problem with this suggestion is residents cannot receive 24-hour supervision as there is a state moratorium on home aide services. Most of the public housing residents are receiving homemaker services an average of five hours/week. However, as they become frailer, they need 24-hour supervision.

Providing 24-hour supervision to residents where they live is not an option in North Carolina, it is a necessity. We are enclosing a letter from the Department of Health describing all their programs/services and an option is not available to us.

The market analysis conducted by City of Wilson Housing Authority is available upon request. It gives evidence increasing the number of adult home care in the county will increase the options available to our residents; it will reduce Medicaid costs and increase the quality of care. Also included is the Board of County Commissioners' resolution passed unanimously on April 2nd, 2007 requesting the increase in adult home care beds.

Wilson County Board of Commissioners
RESOLUTION
Need for Additional Adult Care Home Beds in Wilson County

WHEREAS, Wilson County pays a percentage of the expenditures for services to Medicaid eligible citizens, and the cost of caring for low-income seniors and disabled adults in nursing homes is twice as high as in an adult care home, and

WHEREAS, the counties share of Medicaid reimbursements has increased 96% since 2000 and is projected to total more than \$517 million during the current fiscal year, and

WHEREAS, Wilson County and the City of Wilson have the largest concentration in the state of low income seniors and disabled adults, living alone and reporting disabilities and,

WHEREAS, it has become increasingly difficult to place this increasing population in adult care homes in the existing 432 adult care home beds in the county and,

WHEREAS, during the past twelve months, nineteen (19) senior residents of the City of Wilson Housing Authority alone have died or been forced into a nursing home prematurely due to the lack of affordable healthcare alternatives and,

WHEREAS, The Housing Authority of City of Wilson has conducted a market analysis demonstrating the acute demand for affordable adult care homes in the area, particularly among the special assistance clients and,

WHEREAS, The Department of Health and Human Services, through its Certificate of Need Law, has imposed a moratorium on the number of adult home care beds that can be created in Wilson County and,

WHEREAS, The Board of County Commissioners can request that a specified number of additional beds be licensed for development in their county under Chapter 131E of the North Carolina General Statutes in order to meet the needs of special assistance clients and,


WHEREAS, The City of Wilson Housing Authority will be the first public housing assisted living project, catering only to low-income seniors and disabled adults, already living in an existent public housing facility requiring no capital investment to convert to an adult care home and,

NOW, THEREFORE, BE IT RESOLVED the Wilson County Board of Commissioners requests the North Carolina Department of Health & Human Services to approve seventy (70) additional adult care home beds in Wilson County to enable The City of Wilson Housing Authority to allow its senior and disabled adults to age in place at a lower cost to the state and the county.

FURTHER BE IT RESOLVED that copies of this resolution are transmitted to the Department of Health and Human Services, Medical Facilities Planning Section.

Adopted this the 2nd day of April, 2007.

ATTEST:


Denise Stinagle
Clerk to the Board


Frank Emory, Chairman
Wilson County Board of Commissioners

1. 1990年12月，中共中央、国务院作出《关于实行“八七”扶贫攻坚计划，进一步减少农村贫困人口的决定》，提出“八七”扶贫攻坚计划，即到1995年基本解决农村贫困人口温饱问题。





North Carolina Department of Health and Human Services
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645

Michael E. Hasley, Governor

Carmen Hooker Odom, Secretary

May 25, 2007

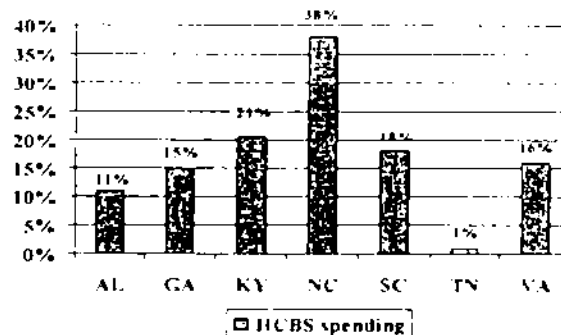
Mr. Edward Jagnandan
Executive Director
Wilson Housing Authority
POB 185
Wilson, NC 27894-0185

Dear Mr. Jagnandan:

On behalf of the Department of Health and Human Services, we appreciate your commitment to assisting the residents of your public housing facility, Tasman Towers, in their efforts to remain living as part of that community for as long as possible. We also appreciate the interests of your County Commissioners and Representative Farmer-Butterfield to support these efforts, and the offer of the Wilson County Department of Social Services (DSS) to work with you on any residents at risk of placement in an adult care home or nursing home.

We understand that the Wilson County DSS has made you aware of their many programs and services that might be of assistance to you and your residents. We also want to share with you some information about the roles that our respective divisions have in support of developing comprehensive local systems of supports and services for seniors and younger disabled adults. We believe that North Carolina has made some impressive strides toward offering home and community-based service options as depicted in the graphic below which is based on 2004 Medicaid spending.

States in the region
(Elders and adults with disabilities)



The Divisions of Facility Services and Medicaid

The Division of Facility Services is responsible for the licensing and regulatory oversight of licensed and certified providers. The North Carolina legislature has defined several programs at General Statute 131D-2 to meet the needs of the elderly when they can no longer safely remain in their home and congregate living becomes necessary.

Room and board, personal care services (i.e., assistance with bathing, toileting, feeding, ambulation, and medication administration), and supervision are available in communal settings. The category which may most easily meet the efforts of the Wilson Housing Authority to quickly and successfully respond to your residents' needs as they age but don't require 24-hour supervision is the unlicensed category of the **multiunit assisted housing with services**. This program allows the residence, in this case the Wilson Housing Authority, to arrange for personal care, nursing, or hospice services. The housing management must have a financial interest, financial affiliation or formal written agreement which makes these services accessible and available through a licensed home care or hospice agency. The resident would individually contract with the licensed agency. The program is required to register with the Division of Facility Services and provide a disclosure statement regarding the program's features to the Division as well as to each of your residents.

The multiunit assisted housing program allows residents with varying needs and abilities to reside in their shared community receiving the services that meet their individual needs and ensures that as their needs change the services can be accessed in their home at the Tasman Towers. The benefits of this unlicensed status are significant. Unlike a licensed facility, it does not require all residents in the facility to have a defined level of need for services and would not result in discharge of those individuals who currently do not need personal care services. In other words, it allows aging-in-place. Additionally, it is does not require a certificate of need nor the building structure to meet licensure requirements.

The Housing Authority could, in addition to the room and board services they currently offer, choose to be licensed as a home care agency to provide services with the exception of in-home aide services currently under a moratorium for this service category. Licensing as a home care agency is also not regulated by certificate of need law and would allow, if interested, for Tasman Towers to develop that service just for the residents of the Towers Community or to the larger community in Wilson. During State Fiscal Year 2007, home care agencies were reimbursed for providing Personal Care Services to nine of the Medicaid recipients who used the Tasman Towers' address as their official address. Additionally two other Medicaid recipients were participants in the Community Alternatives Program for Disabled Adults (CAP/DA). CAP/DA is the State's Medicaid home and community care waiver program, which provides an alternative to placement in a nursing home.

Wilson County currently has 14 licensed adult care homes with 480 beds. Nine of these homes are licensed as family care homes, homes which provide services for two to six residents in a residential setting (and not regulated by certificate of need law), and five are licensed as adult care homes serving seven or more residents. The need for additional adult care home beds is determined annually by the North Carolina State Health Coordinating Council. Generally, need is based on a "deficit index" of 10% or greater and 85% or greater occupancy rate unless the deficit index is 50% or greater. The determination also looks at current bed utilization, a three-year projection of the age demographics of the county's residents, and the current inventory of beds. There was no indication of a need for additional adult care beds for Wilson County in 2007.

based on the population projections for 2010. In fact, the projection indicates that there are excess beds within the county.

If Tasman Towers chose to pursue licensing as an adult care home, besides consideration of current certificate of need law, the building would be required, if licensed for the first time, to meet the North Carolina State Building Code for new construction (10ANCAC 13F.0302) including having a full sprinkler system. If interested in pursuing this licensure category, please contact the Wilson County DSS for assistance. The steps for licensing as an adult care home are detailed at <http://facility-services.state.nc.us/floadult.htm>. If Tasman Towers were to become fully licensed, the residents would be eligible to participate in the State/County Special Assistance program and your facility would be eligible to bill Medicaid for the Personal Care Services provided by your staff if qualified. Because the Medicaid Adult Care Home Services Clinical Policy is currently under a period of review and revision as mandated by the Center's for Medicaid and Medicare Services, some of the stated policy could be subject to change. Importantly, though, as Tasman Towers exists today—some of your residents might still be eligible for the State/County Special Assistance In-Home Option that is administered by the Wilson County DSS and is mentioned below in the section describing the Division of Aging and Adult Services.

Further information about the role of the Division of Facility Services can be found at these web addresses:

- ❑ Division homepage: <http://facility-services.state.nc.us/>
- ❑ Acute and Home Care Section: <http://facility-services.state.nc.us/hcpage.htm> for licensing as a home care agency.
- ❑ Adult Care Licensure Section: <http://facility-services.state.nc.us/cnstpage.htm> for licensing as an adult care home or information on registering as a multiunit housing program.
- ❑ Certificate of Need Section: <http://facility-services.state.nc.us/conhpage.htm>; and the Construction Section: <http://facility-services.state.nc.us/cnstpage.htm> for licensing as an adult care home.

Division of Aging and Adult Services

The Division of Aging and Adult Services administers a number of home and community-based services and supports that might be relevant to your residents. The Division oversees all of the services that we understand were included in a list provided by the Wilson County DSS (e.g., in-home aide service, adult protective services, placement services). Working through the Wilson County DSS, the Division also administers the aforementioned Special Assistance In-Home Option for eligible persons. This represents a real alternative to placement in an adult care home.

The Division of Aging and Adult Services also administers the State's Home and Community Care Block Grant (HCCBG) through the Area Agency on Aging and a local lead planning agency, which is the Wilson County Manager's Office in your case. Your local HCCBG providers include the Wilson County DSS, the City of Wilson, the Wilson Office of Senior Citizens Affairs, Quality Patient Care, the Gee Corbett Center for Seniors, and the Wilson County Senior Center. While nearly 150 seniors in Wilson County are on the wait list for seniors (largely home-delivered meals), we do know that a few of your residents are receiving HCCBG services (e.g., transportation and congregate meals). The HCCBG services are especially focused on assisting the non-Medicaid socially and economically needy.

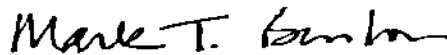
Further information about the role of the Division of Aging and Adult Services can be found at these web addresses:

- Division homepage: <http://www.dhhs.state.nc.us/aging/>
- County Services Fact Sheet (for HCCBG): <http://www.ncdhhs.gov/aging/services/wilson.pdf>
- Adult Services: <http://www.ncdhhs.gov/aging/adultsvcs/adultsvc.htm>

In addition to what we have described, other divisions within our Department, along with their local counterparts, may also be able to offer some assistance to you and your residents. These include the Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing, and the Independent Living Unit of the Division of Vocational Rehabilitation. The 2007-2011 State Aging Services Plan has an inventory (Appendix A) that describes many of these programs and services (see http://www.ncdhhs.gov/aging/stplan/NC_Aging_Services_Plan_2007.pdf). The Department also has a web site on long-term services and supports that may be of some interest to you and provides contact information (see <http://www.ncdhhs.gov/ltc/>).

We hope this information is useful. Again, we commend your efforts to help your residents age in place. We feel certain that the Wilson County DSS and your other local partners will aid you toward this end through existing services and by collaborating to develop new approaches. If you have any questions, please feel free to contact us.

Sincerely,



Mark Benton, Director
Division of Medical Assistance



Bob Fitzgerald, Director
Division of Facility Services



Dennis Streets, Director
Division of Aging and Adult Services

cc: Frank Emory, Chairman, Wilson County Commissioners (on behalf of/for all members of Board)
Ellis Williford, Wilson County Manager
Mayor Bruce Rose
Senator A. B. Swindell
Representative Joe Tolson
Representative Jean Farmer-Butterfield
Carmen Hooker-Odom, Secretary of NC Department of Health and Human Services

F-41

State of North Carolina Talking Points

North Carolina ranks 10th in the number of persons 65 years and older with 969,048 individuals in this age group. This population is expected to increase by 129 % by year 2030 to a total number of 2.2 million or 17.8% of the population

In 2001, Medicaid spending for long term care totaled \$2 billion an increase of 8.7% over previous year while the Medicaid eligible population grew by 16%. The state continues to increase support for community care and ranks 16th among all states in the percentage targeted to home care (37.3%, U.S. 29.5%). To control costs, the state regulates the development of adult care homes under the certificate of need and developed a state-wide inventory of adult care homes through its Medical Facilities Plan. In determining the demand for beds, the State only uses age instead of the criteria of number poor individuals, living alone, and suffering from multiple mobility and health issues.

There are five adult home care facilities in the County of Wilson for a total of 432 beds, some of which are earmarked for Medicaid eligible residents. The State will not approve new adult home care beds in Wilson County as they estimate that there is currently enough number of beds to cater to the growing population. There are over 10,000 seniors in need of assisted living services in the County. Within the existing facilities only residents who do not suffer from dementia and are mobile are considered for admission into the 160 square feet shared unit with no private bathrooms or kitchens. In the past, City of Wilson has not been able to place the increasing number of seniors and disabled adults and 9 have entered nursing home prematurely in the last twelve months. The rate for a private 100 square feet room is \$4,000/month. This rate is beyond Wilson Housing Authority residents' income of \$835/month.

City of Wilson Housing Authority will be the first authority in North Carolina to create a true-aging-in place project, catering to only low-income and severely disabled adults, by bringing services to residents already living in one of their high risers. Public housing facilities are debt free buildings, with private one bedroom units, private bathrooms and kitchens. No medical services will be provided with healthcare services contracted with existing healthcare providers. Other projects have produced a reduction in the number of hospital admissions, emergency room care and number of 911 calls. The buildings can be converted to adult home care with little or no capital investment. These units receive rental subsidies from USHUD. Public housing has the largest concentration of seniors and disabled adults in the country.

This unique project will prove the cost effectiveness of providing services to this often neglected population thus complying with the legislative intent of GS131D-4.1 of providing "quality of life and maximum flexibility in meeting individual needs and preserving individual autonomy." An exemption to the certificate of need is requested. The project will be evaluated at the end of five years by the Medical review committee charged with the study of problems among the aged and special assistant clients.

F-11

Dear Mr. Osborne;

Thank you for your letter of May 24th expressing your support in our mission to allow our public housing residents to age in place with dignity and avoid unnecessary and costly nursing home admission. For us it is a moral and compelling mission and we welcome the opportunity to join with partners such as your agency in achieving it. I also want to thank you for speaking with me over the phone regarding your letter and agreeing to meet with us again on June 1st.

Our concern deals mainly with the lack of understanding in what we are trying to achieve and what is required to do this. It is a very simple concept; just allow Wilson Housing Authority to obtain a license to provide the services for our seniors to remain in their homes. You state in your letter that services are already available and that there are 84 vacant beds in the County and yet the reality during the last twelve months alone is that we have been unsuccessful in placing an increasing number of our residents in the existing adult care homes. We have submitted the names of those unfortunate individuals. Not only has our staff worked diligently to place these and other residents in adult care homes, but a phone survey among all five homes in the area revealed that they only cater to residents who are mobile and need very little services.

We know that services exist and are supposed to be available to those in need; however, trying to obtain those services for our seniors and disabled adults has become a hardship. The existing facilities would rather cater to other type of residents. We wished the system will work as it should, but the reality is different.

We honestly do not understand the reaction from the State to refuse to try to understand this new and highly successful project that has been successfully implemented in other states and will accomplish the following:

- ☐ Has no fiscal impact to the State and will not require new administrative protocols or administrative staff to manage it.
- ☐ It will save the State and us the taxpayers about \$30,000/resident/month for each resident that is kept away from a nursing home. In the case of Wilson Housing Authority it means a savings of \$270,000 this year alone.
- ☐ Public housing facilities are federally subsidized and regulated, debt free and require few if any physical plant retrofits to become licensed.
- ☐ Public housing has the highest concentration of low income seniors and disabled adults living in the facility for an average of 15 years. They would like to age in place within their community and family/friends. This project will allow them to

- continue to live there with dignity instead of moving to a home sharing a small room with a stranger and a bathroom for five other residents.
- Address the concerns of the State in finding an affordable, high quality, highly regulated housing provider to continue to care for the exponentially growing number of seniors and disabled adults.
 - Allow the State to fully implement the Center for Medicaid/Medicare Real Choice Grant that was awarded a couple of years ago, but have not been fully implemented for lack of housing providers.
 - Allow North Carolina to be ahead of the aging wave by establishing this model of housing with services that other states have and continue to implement in increasing numbers. We have enclosed a few housing authorities in different states that have implemented this type of service delivery with the blessing of the Legislature and with new funding appropriations.

It is in the face of all these arguments that we fail to understand your reticence in allowing us to move forward. The only obstacle standing in the way of us achieving all these benefits is to be exempted from the certificate of need (CON). We know that challenges to the CON are common and everyday occurrence and that there are great pressures for the state to revise the process as intended by the Legislature. Needless to say, the proposed project has been enthusiastically endorsed by residents, civic leaders, the media and local officials, which furthers confounds us in your inability to see the benefits it will bring to all of us.

Let me assure you that I will continue to advocate for this project and we hope that in so doing we can eventually count with your willingness to facilitate its implementation.

Sincerely yours,

Edward R. Jagnandan
Executive Director
Wilson Housing Authority

States that have recently implemented public housing demonstration projects:

Florida: Tampa Housing Authority, Miami Dade Housing Authority, Titusville Housing Authority, Pinellas County Housing Authority.

West Virginia: Huntsville Housing Authority, Moundsville Housing Authority, Williams Housing Authority and Wheeling Housing Authority.

Ohio: Wayne Metropolitan Housing Authority (six other housing authorities are in the process of obtaining licenses)

Tennessee: In the process of implementing the project. Four housing authorities interested.

Michigan: Legislation pending creating the demonstration project, 21 housing authorities interested, Grand Rapids, Belding, Lansing, and Madison interested in being the first ones.

California: In the process of implementing the project. Twelve housing authorities in the process of becoming providers.

New Jersey: Camden, Wildwood, Millville Housing Authorities

FILE

States that have Implemented Demonstration Projects in Public Housing

California: Created the first assisted living Medicaid waiver in conjunction with public housing authorities. In order to be eligible for Medicaid waiver reimbursement you must live in subsidized housing

Contact: Robert Jenkins Phone: 202 336-7653

Ohio: Created the first assisted living Medicaid waiver that includes a provision that residents must live in public housing.

Contact: Ronald Hornbostel Phone (614) 466-9927

West Virginia: Created first assisted living Medicaid waiver as a demonstration project in four housing authorities.

Contact: J. B. West Phone (304) 845-3141

Tennessee: Created a special reimbursement category for housing authorities that provided assisted living care.

Contact: Patricia Basham Phone: 931 473-3286

New Jersey: Created a licensing category for public/subsidized housing providers – Assisted Living Program, that requires no physical plant requirements. Reimbursement for services went up this year from \$40 to \$50/resident/day because of the success of the program in reducing Medicaid costs.

Contact: Alice Obelleiro Phone: 609 633-8270

Florida: Created first demonstration project in public housing in 1996. Given the success of one initial project, enacted legislation to give priority funding for Medicaid assisted living waivers to public housing providers. There are currently six housing authorities with assisted living programs.

Contact: Bob Lambert Phone 321 267-4204

Indiana: Created the first assisted living waiver with priority funding for housing authorities.

Contact: Beatriz Martinez Phone: 219 397-9974

Wisconsin: Governor created entitlement assisted living waivers throughout the state that involves public housing providers. The program was started as a demonstration project in four counties and given the success in cutting Medicaid cost it is now state-wide.

Contact: Wendy Feamside Phone: 608 266-5456

We have pending legislation in Michigan, South Carolina, New York, and Texas to create demonstration projects in public housing. In addition, we are under contract with HUD in creating the national public housing demonstration project with funding from both HUD and the

Centers for Medicaid/Medicare. Three states have been identified, Arkansas, Wisconsin and Pennsylvania as pilot states.

Contact: David Fleischman Phone: 202 708-0614

There are other states that have implemented demonstration/new waiver programs in public housing, Minnesota, Colorado, Oregon & Washington State but our consultant have not been involved with them.

Feasibility Report Housing Authority of Wilson

Prepared By:

**MIA Consulting
Group, Inc**

March 8, 2007

Table of Contents

- I. Introduction
 - a. MIA Consulting Group, Inc.
 - b. Team Members
- II. Executive Summary
- III. Market Conditions
- IV. Assisted Living in Subsidized Housing
 - a. Assisted Living Overview
 - b. Senior Commission – The Commission on Affordable Housing & Health Facility Needs for Seniors in the 21st Century
 - c. Proven Successful Model: Helen Sawyer Plaza
 - d. Elder Services
 - e. Definition of Assisted Living
 - f. Certificate of Need
- V. Sources of Revenue for Public Housing Authority
 - a. Medicaid Waiver 1915 © a/k/a Home & Community Based Services 1915 ©
 - b. US Department of Housing & Urban Development Subsidy for ACC Units
 - c. Section 8 Assistance for Assisted Living Facilities
- VI. Resident – Assessment – Eligibility
- VII. Objectives of Feasibility Report
- VIII. Findings
- IX. Description of Licensing Requirements
- X. Financial Analysis & Assumptions
- XI. Staff Recommendations
- XII. Recommendations
- XIII. Appendix – A, B, C, D

I. Introduction

a. MIA Consulting Group, Inc.

MIA Consulting Group, Inc., was retained by the Wilson Housing Authority for technical assistance in performing due diligence with regard to the possible conversion of one of the authority's facilities into an adult care home. The scope of services included a study to determine the feasibility of providing assisted living services, market analysis, site approval, feasibility of contracting with third parties and outsourcing.

The consultants were also retained to provide the authority with expertise regarding the revenue sources available for the facility operation and advice on long-term care issues. The reason for the authority to request these services is the increasing number of frail elders and disabled adults living in public housing and their desire to provide this growing segment of public housing residents with alternative supporting services. Without these services, many residents have to move into nursing homes with a higher cost to the state Medicaid program. The authority is interested in allowing their frail elderly/disabled adult residents to remain at home with the appropriate services provided.

MIA Consulting has conducted considerable research in order to assess the need and demand for assisted living and the feasibility of the authority owning and operating an adult care home. MIA Consulting has concluded that there is a strong and growing demand for affordable assisted living services among the authority's elderly/disabled adult residents and in the larger community and that providing these services as described herein is feasible and cost effective.

b. Team Members

The following members will have sole responsibility for this project:

Conchy T. Bretos, Chief Executive Officer

Mrs. Bretos holds an MBA from Sydney Australia, a diploma in finance, and one year of graduate work in hospitality management. She attended the Harvard John F. Kennedy School of Management in 1989.

Mrs. Bretos served as the Florida Secretary for Aging and Adult Services in charge of all aging services including Medicaid, assisted living facilities, protective services and placement among others. She was a lobbyist and community organizer for AARP where she wrote several successful reform bills and served in the Healthcare Quality Assurance Taskforce and the Assisted Living Facility (ALF) committee.

She served on the Florida Commission on Long Term Care as a delegate for the White House Conference on Aging. She also served as a member of the Governor's Taskforce on the Prevention of Elder Abuse and was on the Board of the Area Agency on Aging and the Alzheimer's Association. She currently serves on several committees of housing, including the Florida Center for Housing & Long Term Care.

Mrs. Bretos was the Director of Housing for Florida International University (1984-1989) where she managed the construction and operation of the first student housing.

In 1977 she was the Program Director for the World Health Organization Southeast Region in Sydney and Chief Executive Officer of the College of Law (1981-84) also in Australia. Mrs. Bretos was the Director of Housing for Oberlin College (1975-77).

Pilar Bretos Carvajal, COO

Mrs. Carvajal holds a Master's degree from the London School of Economics and a Bachelors of Art from Smith College.

Mrs. Carvajal joined MIA Consulting Group, Inc. as an associate consultant in April of 2002. She has four years of experience in the field of affordable assisted living. She has specific experience in project management, financing, training and licensing processing and documentation. Mrs. Carvajal is licensed in Florida as an assisted living administrator.

Mrs. Carvajal has extensive experience as a management consultant with IBM Global Mergers and Acquisitions and Accenture. As such Mrs. Carvajal worked with numerous profit and non-profit corporations in the areas of organizational and performance competency, communications, productivity, marketing, information technology, and development of collaborative global initiatives.

Among Ms. Carvajal's major accomplishments has been the development, implementation, and institutionalization of new processes/methodology, assets, and tools in the areas of business transactions, innovative marketing, business development, human performance, performance management, staffing processes, communication strategies, among others.

II. Executive Summary

The aging of America phenomenon will double the number of seniors in less than forty years. This means that the growing demand for services among this population will continue to grow exponentially making it necessary for states to rethink the way it cares for the senior and disabled population.

North Carolina is no exception to this aging wave. The State is 10th in the nation in the number of seniors and will experience a significant growth within the next twenty years. Most dramatically, the population most at risk those 85 years and older is expected to increase by 42% between now and 2010.

Currently, 44,837 of the long term care senior population live in nursing homes or about 42% with 36% residing in adult care homes. This means that the State has made efforts to keep the senior population away from nursing home institutionalization in an effort to cut Medicaid spending. States like Oregon spend 29.5% in nursing home and 70.5% in community care. The cost of nursing home care is at least twice as expensive in North Carolina. Total Medicaid expenditures for older North Carolinians increased from \$1.4 billion in 1999 to \$1.7 billion in 2001, an increase of about 22% while the senior population grew by 16%. In 2002 Medicaid spending had decreased to \$1.6 billion despite the growing numbers of frail seniors.

In other states, most residents of assisted living facilities pay a monthly fee that usually covers room and board and some basic services with other services priced separately. The typical base monthly fee ranges from \$2,200 to \$3,500 with additional services pushing the cost substantially higher. These fees make it unaffordable for low-income elders with an average monthly income of \$600/month.

The number of adult home care beds available within the City of Wilson (302) is not sufficient to cater to the over 10,000 seniors and disabled adults that are living alone, under the poverty level and with

numerous mobility and health issues. A survey of existing adult home care facilities in the City shows that availability of Medicaid beds for those frail seniors and disabled adults is non-existent. This has resulted in a large number of the authority's frail and disabled population ending in nursing home prematurely or dying without the required services.

The Wilson Housing Authority manages three housing facilities designated elderly/disabled for a total of 381 units. There are 217 residents age 62 years and older living in three elderly facilities and 122 under the Section 8 program. The average age of these individuals is 76 years with 24 residents determined very low income (under \$14,000/year) and 92 extremely low income (under \$10,450/year). The average annual income of these elderly/disabled residents is \$10,031/year. This means that most of the residents qualify for Medicaid waivers and a large number for the State Plan. Most of these residents have multiple health and disability issues.

MIA Consulting has conducted considerable research in order to assess the need and demand for assisted living within and outside the housing authority and to evaluate the feasibility of the PHA owning and/or operating a residential care facility. MIA Consulting has concluded that there is a strong and growing demand for affordable assisted living services among the authority's elderly/disabled residents and in the larger community and that providing these services as described herein is feasible and cost-effective.

Elderly/disabled residents strongly agree that there is a growing need for assisted living despite the fact that most of them are receiving home and community care services. As a result of preliminary discussions with site staff, approximately 25 elderly/disabled residents at Wilson Housing Authority are currently needs-eligible for assisted living services and according to financial data, most if not all, of those residents are Medicaid eligible. Residents also reported that many of the current residents can use these services immediately.

The demand for these services will continue to increase exponentially as the number of elders/disabled adults grows over the next five years, with the increasing frailty among current residents and with the increased awareness among residents of the options that assisted living offers.

III. Market Conditions

The elderly population, persons 65 years or older, that comprised one in every twenty-five Americans in 1994 (3.1 million) numbered 34.5 million in 1999, and will more than double between now and the year 2050 to 80 million or one in five Americans. Today, they represent 12.7% of the US population, about one of every eight Americans. The older population will continue to grow significantly in the future. It is predicted to explode between the years 2010 and 2030 when the "baby boom" generation reaches age 65.

The oldest old, age 85 and over, represent the fastest growing elderly group in the U.S. In 2050, this group will grow to 19 million or 5% of all Americans. There will be about 70 million older persons in the year 2030, more than twice the number in 1999. Persons 65+ account for 12.7% of the population this year but are expected to grow to be 20% of the population in 2030. Most live alone are minorities with considerable mobility problems. In 1999 the U.S. median income of older persons was \$19,079 for males and \$10,943 for females. For all older persons reporting income in 1999, 34% reported less than 10,000. Only 25% reported incomes of \$25,000 or over. It is estimated that in 1999, 3.2 million elders were below the poverty level.

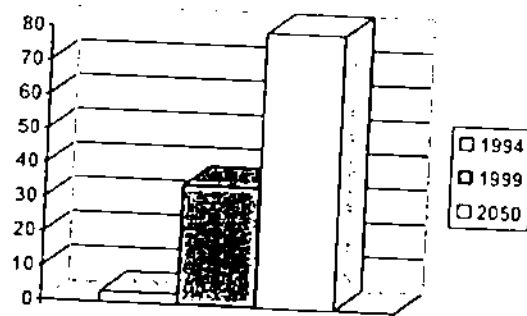


Figure 1: Elder population in 1994, 1999, and 2050 in the millions

Older women had the highest poverty rate. Public housing has the highest concentration of poor, frail elders in the nation, with over 1.6 million; vulnerable group, top heavy with the very old, women and minorities. USHUD is confronting a looming crisis with an exponentially growing frail, poor elder population without services or alternatives. At least 27% of elder public housing residents have a physical or mental disability. Most elderly poor live within public

housing with elder households occupying over 44% of the units in HUD assisted multifamily housing.

In the State of Florida alone 80,000 elders live in HUD subsidized rental housing. They are a vulnerable group, top heavy with the very old (over 80 years) women and minority. In 1999 Dr. Stephen Golant of the University of Florida released the CASERA project that documented the plight of elders living in public housing and called them the "largest numbers of concentrations of elder tenants." He called attention to this ignored group of residents that are not able to pay the \$1,800/month market/semi private rate assisted living facility and must instead be unnecessarily institutionalized in nursing homes which cost the taxpayers four times more. Over 35% of housing elderly residents enter nursing homes when no longer able to live by themselves.

Dr. Golant makes a strong argument to provide the necessary, often few services, for these elders to remain in their homes. The reality is housing administrators report not having the knowledge, time or funding to be able to provide these services. On the other hand, state governments are anxious to reduce their Medicaid funding to nursing homes. For example, Florida Medicaid budget will hit \$3billion in the next couple of years if the state is not able to divert more poor elders toward assisted living.

The reduced role of federal housing programs and the increasing demand on aging programs make it imperative to target older persons in need of assistance to live independently. Dr. Golant alludes to the changing philosophy of USHUD from one of a roof only to one of assisted housing. To quote a recent USHUD report "housing and services cannot longer be easily separated and, in fact, might be considered one and the same". In fact, over the past ten years state and federal programs have aimed at providing a wide array of services for elders, including those living in public housing.

North Carolina has a population of 8,683,242, an increase of 7% since 2000. Of this population, 74.1% is white, 21.8% Black and 6.4% Hispanic. The median income for the state is \$39,438 with 13.46% of the population living below the poverty level. In 2005 individuals aged 65 years and older comprised 12.1% of the population. This population is expected to 13.3% by 2020 and to 20% by year 2030. Of this elderly population, 28.3% lives alone and a high percentage (25.1%) are considered disabled. In 2004, 20% of the elderly

population had incomes below \$15,000/year. These three factors, low income, living alone with a disability indicate a high demand for affordable assisted living care in the state, a demand that will continue to grow exponentially as the population ages.

The state is making efforts to deter nursing home institutionalization by providing home and community services. The reimbursement rate for Medicaid nursing beds in North Carolina is about \$100/resident/day compared to \$45.86/resident/day in an assisted living facility. These efforts to reduce nursing home admission has resulted in considerable savings to the Long Term Care Medicaid budget. In 2006, the budget was \$350 million under budget. In order to control costs and regulate the development of adult care homes, nursing homes and hospitals, the State instituted a certificate of need under which providers wanting to develop an adult care home have to apply for a certificate of need prior to obtaining a license.

There are 629 adult care homes in the state with a total of 35,247 beds. 24,000 Medicaid participants are receiving services in these facilities. The rest of the units are for private paid clients at a monthly rate of \$3,000/resident for a private unit. In the County/City of Wilson there are five adult care homes for a total 432 beds. A telephone survey conducted among some of the state-wide facilities revealed that some cater to low-income residents but only in double occupancy units with no kitchens. The base rate in these facilities for a double occupancy is \$2,600/month, more than the average income of public housing residents. Admission to these facilities is based on available slots. There are long waiting lists for low-income elders/disabled adults in all the facilities researched.

The County of Wilson has a population of 76,281, and increase of 3% since 2000. 58% of the population are White, 39.5% Black and 8% Hispanics. 13.1% of this population is 65 years and older with 16.7% under the poverty level. The per capita income for the county is \$33,655

The City of Wilson has a population of 45,921, a 3.1% change since 2000. 46.7% of this population is white, 47.5% Black and 7.3% Hispanic. Individuals 65 years and over represent 13.5% of the population as compared with 12% state-wide. The percentage of individuals below the poverty level is 21.6% as compared to 12.3% nation wide, and the per capita income is \$17,813, 14.7% live alone

and 37% reported a disability. The demographics for the City of Wilson denote a high demand for these types of services.

Within the Wilson Housing Authority there are 217 elderly and 164 disabled adult residents living in public housing and 119 disabled adults and 122 elderly under the Section 8 program. In the Forrest Road facility (Tasman Towers), there are 70 elderly residents and 61 disabled adults. The average income of the elderly residents is \$10,031/year and thus will qualify for Medicaid waiver funding. The average age of the elderly residents is 76 years old with most suffering from major chronic diseases and debilitating conditions.

IV. Assisted Living in Subsidized Housing, North Carolina

a. Assisted Living Overview

The rapid growth of the assisted living industry is due to several factors including the growth of the population of older persons, the desire of disabled adults and elderly residents to remain in their homes and "age in place," the proximity of family support, and the dynamics of change within the cultural structure. In most states, policymakers are looking for ways to reconcile saving the state Medicaid budgets, and expand the population served by Medicaid at the same time.

There are several policy barriers, however, that affect the provision of assisted living services. One is the lack of a common definition of assisted living and the other is the fact that policy-makers are not well-educated about what assisted living is and how it fits in the long-term care continuum of care. This lack of understanding and sensitivity about the core features and the philosophy of assisted living coupled with the absence of a common policy definition of the product and a unified set of regulations that can be applied nation-wide, have resulted in overly stringent regulations in some states.

b. Senior Commission - The Commission on Affordable Housing & Health Facility Needs for Seniors in the 21st Century

The Commission on Affordable Housing & Health Facility Needs for Seniors in the 21st Century (the Senior Commission) was established by Congress in 1999 to study future housing and health facility needs for seniors and make specific policy and legislative recommendations to address the issues. The Seniors Commission has recently delivered its final report to Congress. The Commission used existing research

and specifically asked for additional research along with public and expert testimony in compiling the report.

The Commission describes what it calls the looming "quiet crisis" for seniors in America. The senior population of 65 or older is going to increase substantially and the anticipation is that many of these seniors will be living alone, isolated from services and coping with disabilities. The report finds that nearly 20 percent of seniors have significant long-term care needs. The greatest need is among the low-income elders. There are nearly six times as many seniors with unmet housing needs that are currently supplied by rental assistance, including public housing. One of the key concerns of the Commission was the linkage of shelter and services. The most urgent need was to provide housing and services to seniors with extremely low incomes, those incomes at or below 30% of area median.

In developing recommendations, the Commission adopted five guiding principles:

- Preserve the existing housing stock.
- Expand successful housing production, rental assistance programs, home and community-based services and supportive housing.
- Link shelter and services to promote and encourage aging in place.
- Reform existing Federal financing programs to maximize flexibility and increase housing production and health and service coverage.
- Create and explore new housing and service programs, models and demonstrations.

c. Proven Successful Model: Helen Sawyer Plaza ALF

A survey conducted by AARP in January 2002, among seventeen sponsors of subsidized housing providing assisted living services, revealed that assisted living could be successfully integrated into subsidized elderly housing projects. The major obstacles to implementing such projects are the funding for services and the training and coordination of housing and service staff. The research also revealed a variety of approaches in providing the needed services to their residents.

Among the sponsors were five housing authorities: Minneapolis, St. Paul, Vancouver, High Point-North Carolina, and Laconia in New Hampshire. Two of the housing authorities decided to provide the services directly while the other three contracted the services. Those providing services directly argued that doing this saved them money and gave them more control over the program.

This is the case of Helen Sawyer Plaza Assisted Living Facility is owned and implemented by Miami-Dade Housing Agency. This pioneer project has become the model for the nation and has generated new income and fifty new Section 3 positions. Those who contracted the services to outside agencies argued that they lacked the skills necessary to manage the program.

d. Elder/Disabled Services

Over the last ten years, state and federal programs have aimed at providing a wide array of services for elders/disabled adults, including those living in public housing. Homemaker services, home delivered meals, transportation, health screening, exercise classes and legal aid, among others, are available through the Area Agencies on Aging. Some of the programs offered through the North Carolina Department of Health and Human Services include the following:

- Case Management who assess elders needs and authorize the delivery of services based on a service plan and the level of need
- Personal care services include assistance with bathing and/or dressing, household chores, meal preparation and shopping
- Home delivery meals delivered once a day five days a week
- Adult Day Care services
- Health screenings and self-administration of medication management
- Structured social activities through senior centers
- Transportation to doctor appointments

These services are not sufficient to keep frail elders at home as they do not provide 24-hour supervision and are limited in time and scope. Providing this 24-hour per day supportive services by a licensed

operator are expensive and a dramatic departure from the management of independently living seniors. North Carolina has supplemented support to low income residents of adult care homes through State/County Special Assistance, which is an entitlement with payments being made directly to residents. Since 1996, Medicaid began covering enhanced personal care services for residents who need assistance with eating, toileting, ambulation/locomotion or any combination of the three. Revenue to pay for the cost of shelter and services can be expected to come from the following sources:

- USHUD public housing operating subsidies
- Elderly residents' rents at 30% of adjusted income
- Section 8 vouchers
- State/County Special Assistance and Medicaid enhanced personal care services
- Family contributions to the care of the elderly residents

Funding for new construction include the following:

- 501(c)(3) Tax-exempt bond financing issued by the housing authority's nonprofit affiliate
- Section 142 (d) Tax-exempt bond financing by housing finance authorities for both multifamily housing and assisted living. This funding is subject to the state tax-exempt bond volume cap and brings 4% federal low-income housing tax credits.
- Federal low income housing tax credits which are syndicated to raise equity
- State low-income housing tax credits, offered on a competitive basis
- Enterprise Community tax benefits, if the property happens to be located in an enterprise zone
- Taxable mortgage financing including bank loans and conventional debt

- Public housing comprehensive grant and modernization funds HOME, Community Development Block Grants, HOPE VI, NOFA and Super NOFA grants, and other funding avenues.
- North Carolina Housing & Community Development Authority affordable housing program
- Department of Agriculture Rural Housing & Economic Development (RHED) and Home Equity Programs.
- Home Choice Program by Fannie Mae
- Section 202 Supportive Housing for the Elderly
- Section 811 Supportive Housing for the Disabled
- Section 232 mortgage guarantee program
- Federal Home Loan Bank Affordable Housing Program

Public housing authorities have worked very hard to address the need for aging-in-place of their elderly residents. The vast majority of housing authorities have responded in the same way that Wilson Housing Authority has: assigning staff to coordinate local service programs, creating strong working relationships with social service agencies, and contracting with firms capable of implementing and managing assisted living services within existing or new construction buildings.

In 1999 USHUD funded the first new construction assisted living facilities through a targeted HOPE VI grants. Several housing facilities have successfully implemented assisted living services within their facilities by contracting with an assisted living operator. The success of these initiatives has depended largely on the availability of funding to pay for services as public housing can easily retrofit existing facilities that are owned with not debt service. The cost of privately owned assisted living is substantially higher because of the high cost of new construction.

Public housing facilities were designed for elderly residents and have been modernized to meet their needs and conform to state codes and regulations. In other words, it is much more economical to bring

services to these public housing seniors as they become frailer and is much less expensive to make the required physical improvements to existing building.

c. Definition of Assisted Living

There are about 29 definitions of assisted living with each state having its own regulations.

Assisted living in North Carolina is based on a home-like, rather than a medical model to provide housing for elders or disabled adults. Adult care homes provide personal care services (such as dressing and bathing,) 24-hour supervision, specific social activities, supervision of self-administered medication, administration of medication by qualified staff, three meals/two snacks per day or assistance with meal preparation, coordination of transportation, laundry and housekeeping services. At least one registered professional nurse must be available at all times (on call).

Under this licensing arrangement the provider must apply for an adult care home, in accordance with the provisions of 410 IAC 16.2. The residential care facility must provide or arrange for the provision of personal care, nursing, pharmaceutical, dietary and social work services. The provider must make available dining services to residents and have 24-hour staff supervision.

f. Certificate of Need:

The state does not allow the development new adult care home beds without first obtaining a certificate of need. The certificate of need was developed in response to legislation aimed at regulating the development of adult care homes, nursing homes, hospital and other long term care facilities. Prior to the enactment of legislation in 1997, the state imposed a moratorium on new adult care home beds. However, the legislation allowed for the development of additional beds under special circumstances defined as "exempt" if an explanation is provided of why these beds are needed in accordance with some criteria that include the elimination of imminent safety and health hazards and to provide non-health services.

Review of Senate bill 937 enacted in 2001 reveals that both nursing home and adult care homes were included in the existing certificate of need law to prevent underutilization of beds. The bill specifies that the

inclusion is temporary pending a better way of developing and maintaining the quality of adult care homes. If the vacancy rate of available adult care homes falls under 15%, then the Department will approve the creation of additional beds. In addition, the law allows for the Board of County Commissioners to determine that a need for additional beds exists particularly among the elderly/disabled adult population in that County. The law also exempts beds created within a continuum of care retirement community.

In order to determine the total inventory of adult care home beds and the need for additional beds, the state has developed an elaborate methodology based on the age of the population in that particular area, basically, the higher the age, the higher the use. Based on this methodology the state has determined that within the County of Wilson there is sufficient number of beds to cater to this old population. Wilson County is not included among the counties determined to have a need for additional beds. However, the 2007 inventory is subject to change based on whether or not the defined conditions have been met to allow for continued development of beds. Given that this will be the first public housing assisted living facility in the State involving a conversion of existing units with a limited capital investment, we recommend that a request to Wilson County Board of Commissioners be made to increase the number of beds. In addition, we also recommend that the Legislature creates a demonstration project involving housing authorities within the state wishing to implement assisted living facilities.

V. Sources of Revenue for the Wilson Housing Authority.

Entitlement Programs - Social Security (SS), Social Security Supplemental Income (SSI), Medicare, Medicaid, State/County Special Assistance, the Enhanced Personal Care (Medicaid), and Section 8-voucher assistance.

Most elderly/disabled adults living in subsidized housing in North Carolina subsist on entitlement programs such as social security, SSI and/or a small pension. They all benefit from Medicare, an age-driven entitlement program (65+) for the costs of medical care and some durable goods. Some of these elders are also eligible for Medicaid, an income-driven program for all persons who receive less than \$1,163.50/month. Therefore, all persons over 65 years of age are entitled to Medicare, but not Medicaid unless their income is less than that stipulated.

The State of North Carolina provides funding for room and board and limited services to individuals residing in an adult care home who are recipients of the Medicaid or Social Security Income programs. The resident submits their social security check and receive a \$46 personal need allowance.

**a. Medicaid Waivers 1915(c) a/k/a
Home and Community-Based Services 1915(c)**

Medicaid home and community-based service (HCBS) waivers afford the states the flexibility to develop and implement creative alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities or intermediate care facilities for persons with mental retardation. The HCBS waiver program recognizes that many individuals at risk of being placed in these facilities can be cared for in their homes and communities preserving their independence and ties to family and friends at a cost no higher than that of institutional care.

Under Section 1915 (c) of the Social Security Act, States may request waivers of certain Federal requirements in order to develop Medicaid-financed community-based treatment alternatives. The three requirements that may be waived are in Section 1902 of the Act and deal with state wideness, comparability of services and community income and resource rules for the medically needy.

The act specifically lists seven services that may be provided in HCBS waiver programs; case management, homemaker/home health aide services, personal care services, adult day care, re-habilitation, and respite care. Other services, requested by the states as needed by waiver participants to avoid institutionalization may also be provided, subject to Center for Medicaid (f/k/a Health Care Financing Administration) approval, but are beyond the scope of this discussion. Room and board is excluded from coverage except for certain limited circumstances.

States have the flexibility to design each waiver program and select the mix of waiver services that best meets the needs of the population they wish to serve. HCBS waiver service may be provided statewide or may be limited to specific geographic subdivisions.

Several states have created demonstration projects to determine the success of the ALF waiver in diverting residents from nursing home

admissions. For example, the State of Florida, through the legislature, has created specific appropriations for Medicaid qualified facilities coordinated through public housing programs and demonstration projects for assisted living for the elderly. This appropriation specifically allows public housing authorities that wish to create a licensed Assisted Living Facility to contract directly with the State Department of Elder Affairs for an allocation. The allocation is provided the facility on an annual basis, and is monitored through the local Area Agency.

HCBS waiver programs are initially approved for three years and may be renewed at five year intervals to the states. There are currently 240 HCBS waiver programs in effect. All States except Arizona have at least one such program. Arizona is a technical exception, though, because it runs the equivalent of an HCBS waiver program under Section 1115-demonstration waiver authority. In North Carolina, services in adult care homes are reimbursed as a state plan service through Medicaid for individuals aged 65 and older and working age adults with disabilities, mental retardation and other developmental disabilities.

The maximum State/County Special Assistance payment for room and board (the state SSI supplement) is \$1,118/resident/month plus \$46/month paid to the resident as a personal allowance. The Medicaid payment varies with the needs of the residents. The payment methodology was modified in January 2004. The payment includes a basic amount for personal care and the amount varies for small and large facilities from \$16.74/day to \$18.34/day for facilities with over 30 beds. In addition, an enhanced payment for residents requiring additional care with eating, toileting, ambulation and transportation of about \$15/resident/day. In 2004 there were 24,000 participants being served under this program

In order to become a waiver provider, the facility must be licensed as an adult care home. Services to be provided include three meals/day, transportation, activities, housekeeping and personal care.

Room and board is reimbursed through the State/County Special Assistance payment for eligible residents who are 65 years and older or determined disabled, low income, and/or cannot live alone but do not qualify for nursing home care.

In 2004 there were 2,200 facilities participating in the state plan (Medicaid) servicing 24,000 residents. The following are assisted living settings licensed by the state:

Assisted Living Residences: These include any group housing and services program for two or more adults, which makes available, at a minimum, one meal per day, housekeeping services, and provides personal care services directly or through a formal written agreement with one or more licensed home care agencies. Settings in which the services are delivered may include self-contained apartment units or single or shared room units with private or area baths. There are three types of assisted living residences; adult care homes, group homes for developmentally disabled adults, and multiunit assisted housing with services.

Adult Care Home: These are a type of assisted living residence in which the housing management provides 24-hour scheduled and unscheduled personal care services to two or more residents. Some licensed adult care homes provide supervision to persons with cognitive impairments whose decisions may jeopardize the safety or well-being of themselves or others and therefore require supervision. Medication in an adult care home may be administered by designated trained staff. There are three types of adult care homes: Adult care homes licensed for seven or more beds; family care homes licensed for 2 – 6 beds; and group home licensed for up to nine developmentally disabled adults.

Multi-unit assisted housing with services: These are defined as "an assisted living residence" in which hands-on-personal care services and nursing services, which are arranged by housing management, are provided by a licensed home care or hospice agency through a written care plan. The resident has a choice of provider and the housing management may not combine charges for housing and personal care. Residents must not be in need of 24-hour supervision. No license is required, however, this type of facility must register with the Division of Facility Services and provide a disclosure statement.

b. US Department of Housing and Urban Development Subsidy for ACC Units

Operation Subsidy and Utility Subsidy for regular public housing ACC units is not to be commingled with the funds for services rendered in a public housing assisted living facility. Two ledgers are developed

separating what is essentially a normally operating cost center for the public housing authority from the operation of an assisted living facility.

Dwelling rents are determined according to standard HUD certification of income formulas utilizing only the SS or SSI. Costs including staff associated with each of the operations are divided accordingly. Some positions/costs may be prorated among the budgets.

Subsidy is determined according to the shortfall existing within the normal site cost-center operation. Operating and utility subsidy on PUM basis may be directed to cost center site budgets, as long as a Certificate of Occupancy has been issued and active marketing has begun.

c. Section 8 Assistance for Assisted Living Facilities

On September 1, 2000, the Department of Housing and Urban Development (HUD) issued Notice PIH 2000-41 implementing Section 523 of the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act" which confirms that a Public Housing Authority (PHA) may provide voucher assistance for families who live in an assisted living facility. These provisions were enacted in the Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2000 (Public Law 106-74, 113 Stat. 1047, approved on October 20, 1999).

The intent of the vouchers is to allow frail elderly persons to live in an assisted living facility where they can obtain necessary supportive services to remain independent and avoid premature institutionalization. According to the notice, "a person residing in an assisted living unit must not require continual medical or nursing care. Nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services, are not eligible properties under the housing choice voucher program." HUD may also develop additional guidance as issues arise and ALFs and PHAs gain experience in implementing this change.

Adapted from text of Conference Report for H.R. 2684, the VA-HUD and Independent Agencies for FY2000; as passed House October 13, 1999; enacted October 20, 1999 (PL106-74).

Sec. 523. Use of Section 8 Assistance for Assisted Living Facilities.

Voucher Assistance - Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by adding at the end the following new paragraph: "(18) Rental assistance for assisted living facilities."

In general - a public housing agency may make assistance payments on behalf of a family that uses an assisted living facility as a principal place of residence and that uses such supportive services made available in the facility as the agency may require. Such payments may be made only for covering costs of rental of the dwelling unit in the assisted living facility and not for covering any portion of the cost of residing in such facility that is attributable to service relating to assisted living.

Rent calculation-charges included - For assistance pursuant to this paragraph, the rent of the dwelling unit that is an assisted living facility with respect to which assistance payments are made shall include maintenance and management charges related to the dwelling unit and tenant-paid utilities. Such rent shall not include any charges attributable to services relating to assisting living.

Payment standard - In determining the monthly assistance that may be paid under this paragraph on behalf of any family residing in an assisted living facility, the public housing agency shall utilize the payment standard established under paragraph (1), for the market area in which the assisted living facility is located, for the applicable size dwelling unit.

Monthly assistance payment - The monthly assistance payment for a family assisted under this paragraph shall be determined in accordance with paragraph (2) (using the rent and payment standard for the dwelling unit as determined in accordance with this subsection).

Definition - For the purposes of this paragraph, the term "assisted living facility" has the meaning given that term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)), except that such a facility may be contained within a portion of a larger multifamily housing project.

Project-Based Assistance - Section 202b of the Housing Act of 1959, as added by section 522 of this Act, is amended- (1) by redesignating

subsections (f) and (g) as subsections (g) and (h), respectively; and (2) by inserting after subsection (e) the following new subsection: (f) Section 8 Project-Based Assistance -

Eligibility - Notwithstanding any other provision of law, a multifamily project which includes one or more dwelling units that have been converted to assisted living facilities using grants made under this section shall be eligible for project-based assistance under section 8 of the United States Housing Act of 1937, in the same manner in which the project would be eligible for such assistance but for the assisted facilities in the project.

Calculation of rent - For assistance pursuant to this subsection, the maximum monthly rent of a dwelling unit that is in an assisted living facility with respect to which assistance payments are made shall not include charges attributable to services relating to assisted living.

In Site Based Section 8 developments, rent is set according to the FMRs. The resident portion of dwelling rents, again, is calculated according to the income (SS+SSI) certifications. The housing assistance payment is calculated the same way as the normal voucher subsidy calculation. The housing assistance payment is the lower of the gross rent (including the utility allowance for all tenant furnished utilities) minus the total tenant payment or the payment standard applicable to the family minus the total tenant payment.

Two ledgers are developed separating what is essentially a normally operating cost center for the public housing authority from the operation of an assisted living facility. The remaining revenue from entitlement programs is income to the Assisted Living facility operation. Costs including staff associated with each of the operations are divided accordingly. Some positions/costs may be prorated among the budgets.

The use of Section 8 Housing Choice Vouchers in Assisted Living Facilities is authorized under US Department of Housing and Urban Development Notice PIH 00 - 41, Issued September 1, 2000 to "supplement the Medicaid Home and Community Based Waiver Program under Section 1915(c) of the Social Security Act to pay for residential care. These waivers allow Medicaid-eligible individuals at risk of being placed in hospitals, nursing facilities, or intermediate care facilities the alternative of being cared for in their homes and communities. The use of housing choice vouchers in assisted living

facilities also allows the frail elderly to obtain supportive services in order to remain independent and avoid premature institutionalization." The key to the success of this, like the regular ACC public housing unit is to separate the operation account of the HUD cost center from the operation of the Assisted Living Facility.

VI. Residents - Assessment - Eligibility

In North Carolina, a resident must meet certain eligibility requirements to receive the State-County Special Assistance and Medicaid waiver services. Individuals must need adult care services, meet income eligibility requirements of no less than \$1,163.50/month and less than \$2,000 assets. To be eligible for the enhanced adult care home personal care program, residents must need assistance with eating, toileting and/or ambulation, be 65 years or over, or, in some counties, be 19 years old determined disabled by the Social Security Administration. They must also be assessed by their physicians as well as by the case manager from the Department of Social Services (DSS). The DSS case manager then completes an assessment and the authorization/care plan.

The assessment and care plans relate to a physical and psychological (functional) assessment that is performed initially and revalidated annually. The measurements used to qualify and quantify the pool of potential recipients are based on a system of "activities of daily living"(ADLs) and "incidental activities of daily living"(IADLS).

VII. Objectives of Feasibility Report

The objective of the report is to determine the feasibility of converting an existing public housing building into a licensed residential care facility, determining the target market and the financial feasibility and best use of the facility. In order to determine the feasibility, the following research was conducted.

Resident/Tenant and Staff: *Review of the authority's resident/tenant profile in general, level of frailty and need for assistance/services, security issues, and Medicaid eligibility.* Discussions with a large group of residents revealed support for bringing assisted living services to elderly and disabled adults in order for them to remain at home.

Discussions with staff were conducted to determine the need for

specific services to allow these public housing residents to age in place, satisfaction with their current accommodations and services, degree of frailty and ability to perform activities of daily living (ADL's). An evaluation of vacancies was done to determine the number of residents that have died and/or moved to more restrictive environment (nursing homes) when not able to live independently anymore).

Waiting Lists: There are 330 clients in the Wilson Housing Authority waiting list, with 37 elderly and 95 disabled adults. The average time on the waiting list is 18 months. The main reason for applicants to reject offers of a unit in one of the facilities is the lack of funds as SSA and SSI checks are received at the beginning of the month. During the past twelve months, nine residents have been transferred to nursing homes and eight have died.

Financial Analysis: Review of financial/operational statements that were provided to the housing authority to determine the financial viability of the prior operation versus an affordable model. The costs of any improvements including physical plant requirements were reviewed. Pro-forma was developed to determine the start-up costs of the operation and the long-term financial feasibility of the project.

Market Research: A review of the demographics in the state, the area of Wilson, availability of services and in particular the availability of other low-income residential care facilities, nature of competition and future demand projections.

Site: Tasman Towers, the only elderly/disabled designated high rise was inspected to identify ease of conversion to adult care home. Tasman Towers was considered the best candidate for conversion given the renovations that have been made to that building, the number of vacancies (16) and the number of residents eligible for services living in the building. The five-story high rise building has 58 one bedroom units, with a small kitchen, common areas, administrative offices carpeted lobby, one elevator, a conference room, two wheel-accessible bathrooms, and a laundry room on the first floor. There are six (6) wheel-chair accessible units. New air conditioners were installed in each unit in 1999. The lobby was carpeted three years ago, and new exterior doors were installed with a press access button. There are smoke detectors in all common areas and residents' units and a fire detection system monitored by Simplex and the local fire department. The facility is within 2 miles of a hospital, clinics,

community agencies including the Department of Social Services and a shopping mall. The facility is well served by public transportation with bus stops in front of the building.

Individual resident's units have private bathrooms and kitchens with wood kitchen cabinets, stove and refrigerators. All bathrooms have bathtubs with grab bars. The front doors of all units are at least 36" wide and are of 1.75 solid wood, self closing, and fire retardant doors. All other doors within the unit are at least 32" (813 mm) in width. All units have tile floors and are individually air conditioned with cable and phone jacks and emergency call cords in both the bathrooms and the kitchens that trigger a light outside the unit door.

There are janitor locked closets on every floor. The building is located in the business area, close to amenities and services, including the Department of Social Services, a hospital, a shopping mall, clinics and local community agencies.

VIII. Findings:

There is a definite demand for assisted living services within the Wilson Housing Authority. There are not enough affordable adult care homes within the City or County of Wilson. There are only five adult care homes within the County with three within the City with a total of 302 beds. A phone survey among these facilities revealed that Medicaid clients are only accepted for double occupancy (common bathrooms) and if they are not frail. A private unit costs in the range of \$3,000/month. Due to the area demographics, the projected increase in frail elders and disabled adults, and the lack of affordable residential care facilities, this demand is projected to increase exponentially within the next ten years.

The consultant met with several staff members and there was enthusiastic support for bringing assisted living services to the authority. According to staff there is an immediate need for assisted living services for at least 20 residents. With both elderly and disabled adults being served under the waiver, the staff felt confident that 50 residents would join the program by the end of the first year. Staff reported that an increasing number of older, frailer residents are being admitted to the facilities that are not able to live independently. These residents are offered limited personal care and services, but need 24-hour supervision, meals, and medication management to remain at

home. The staff currently coordinates services for residents with the Department of Social Services.

Tasman Towers is the only elderly/disabled designated building within the Authority. Most of the current residents are in need of services. We recommend that the entire building be licensed as an adult care home thus creating a true aging-in-place environment and avoiding relocation of residents. The following is a list of required services that must be provided in a residential care facility:

- Three meals per day, seven days a week and snacks. Special diets provided. (Schedule of meals posted)
- Housekeeping/laundry services
- 24-hour supervision by certified staff
- Personal care
- Supervision of self-administration/administration of medication
- Referral to other services, including home health nurse
- Limited nursing services
- At least 14 hours per week of activities
- Pharmaceutical services
- Arrangement of transportation for healthcare services

The building will require the rewiring of the personal alarm systems into a newly created staff station on the first floor, an expansion of the existing kitchen to accommodate a six burner stove, commercial dishwasher, three-sink compartment, a three door refrigerator/freezer, an ice maker, and microwaves. Storage for dry and emergency food will have to be provided within the existing janitor closet. Lighted exit signs must be provided on each of the exit doors and lever door knobs should replace all of the existing door knobs. A staff station will have to be provided on the first floor by converting one of the first floor units, with lockable storage for medications, a sink with a single hand motion lever, a shower for bathing residents, and two phone jacks. Grab bars must be installed on the right side of all corridors capable of supporting 250 pounds of concentrated load. One fire extinguisher must be provided for each 2,500 square feet of space and one five pound ABC or C0/2 type extinguisher in the kitchen and maintenance area. A signaling device on exit doors will have to be installed if the authority caters to dementia residents.

The need for a sprinkler system depends on the fire resistance construction of Tasman Towers. If the architect determines that the

building has been constructed of one-hour fire resistant materials, including the corridors, ceilings, walls, partitions and floors, there is no need to install a sprinkler system

Laundry facilities for the program will be provided from the existing laundry room. There are no additional physical plant requirements for the conversion.

Tasman Towers is well located, served by public transportation, and within short distance of shopping areas providing an array of services and activities to residents. The area is also served by one major hospital. This is important as the residents of the residential care facility must keep in touch with their community and receive the required health services promptly and effectively.

The project will be financially viable, eligible to receive Medicaid waiver funding, residential care assistance, enjoy full occupancy, provide an option for low income elder's residents of the authority, be consistent with the mission of the authority, improve residents' mental and physical conditions and increase their level of satisfaction.

IX. Description of Licensing Requirements:

Physical plant requirements for licensing adult care homes in North Carolina must meet the North Carolina State Building Code for I-2 Institutional Occupancy and meet local zoning requirements. The following are the physical plant requirements as identified in the North Carolina Administrative Code 13 F:

- ☐ Application for a license to operate an adult care home that will be retrofitted must include plans and specifications and a review fee.
- ☐ The building must meet the North Carolina State Building Code for I-2 Institutional Occupancy if the facility houses 13 or more residents.
- ☐ The sanitation, water supply, sewage, disposal and dietary facilities shall comply with the rules of the North Carolina Division of Environmental Health.
- ☐ Adult Care homes shall be in a location approved by local zoning boards.
- ☐ The site of the proposed facility must be approved by the Division of Facility Services prior to renovation and must be accessible by streets, roads, highways and be maintained for motor vehicles and emergency vehicle access.

- ☐ Water supply, sewage disposal system, garbage disposal and trash disposal must be approved by the local health department.
- ☐ Each living room/recreational area must be located off the lobby or corridor and 50% must be enclosed by doors and walls.
- ☐ In buildings licensed for 16 or more residents a minimum of 16 square feet per resident of living space.
- ☐ Living/recreational area must have windows.
- ☐ Dining room must be located off the lobby/corridor, enclosed with walls and doors and 14 square feet per resident for facilities licensed for 16+ residents.
- ☐ Bedrooms must be located off a corridor and must have a minimum of 100 square feet/resident or 80 square feet for double occupancy. Total number of residents assigned to a bedroom must not exceed two.
- ☐ Each bedroom must be ventilated with one or more windows equipped with insect screens, with a maximum of 36 inches high and with openings restricted to a six-inch opening.
- ☐ Bedroom closets must provide 48 cubic feet of clothing and have an adjustable hanging bar
- ☐ Bathrooms and toilet rooms must be accessible to the handicapped as required by Volume I-C, North Carolina State Building Code, Accessibility Code.
- ☐ Hand grips must be installed in all commodes, tubs and showers used by or accessible to residents.
- ☐ One bathroom opening off the corridor with a door of 3 feet minimum width, a three feet by three feet roll-in shower, a bathtub accessible on at least two sides, a lavatory and a toilet.
- ☐ Bathrooms and toilets must be well lighted and mechanically ventilated at two cubic feet per minute. Nonskid surfacing or strips must be installed in showers and bath areas and the floors must have water resistant covering.
- ☐ A minimum area of five square feet per licensed capacity must be provided for general storage.
- ☐ Linen storage must be adequate in size and number for separate storage of clean linen and soiled linens.
- ☐ Space must be provided for dry, refrigerated and frozen food items.

- ☐ One housekeeping closet, with mop sink or mop floor receptor must be provided for each 60 residents.
- ☐ Separate storage for storing cleaning agents, bleaches, pesticides and other hazardous materials.
- ☐ Hand washing facilities with wrist type lever handles must be provided immediately adjacent to the drug storage area.
- ☐ Some means for residents to lock personal articles within the home.
- ☐ Some means for staff to lock personal articles within the home.
- ☐ Handrails must be provided on both sides of corridors at 36 inches above the floor and capable of supporting 250 pounds of concentrated load.
- ☐ Corridors must be lighted with night lights providing 1 foot-candle power at the floor.
- ☐ All steps, porches, stoops and ramps must have handrails.
- ☐ All exit door locks must be easily operable by a single hand motion from the inside at all times without keys.
- ☐ A sounding device must be installed if the facility has at least one resident who is determined by the physician to be disoriented.
- ☐ All floors shall be of a smooth, non-skid material and easy to clean.
- ☐ A separate room must be provided for the cleaning and sanitizing of bed pans with hand washing facilities. This requirement may be waived if all the units have private bathrooms.
- ☐ One residential type washer and dryer provided in a separate room accessible to staff, residents and family.
- ☐ Fire alarm system must be able to transmit the fire alarm signal automatically to the local emergency fire department dispatch center, pull stations within five feet of each exit, products of combustion (smoke) listed detectors in all corridors, heat detectors or products of combustion detectors in all storage room, kitchens, living rooms, dining rooms and laundries. Emergency power for the fire alarm system must have automatic start generator or trickle charge battery system for 24 hours. Emergency egress and exit lights powered from an automatic start generator or a U/L approved trickle charge battery system.
- ☐ For facilities not equipped with a complete automatic fire extinguishment system each bedroom must be provided with smoke detectors.

- ☐ Air conditioning or at least one fan per resident bedroom and living/dining area must be provided when the temperature in the main corridor exceeds 80m degrees.
- ☐ Hot water temperatures in all fixtures used by residents must be maintained at a minimum of 100 degrees F and not exceed 116 degrees F.
- ☐ Call systems connecting each resident to the staff near to the bedroom and bathroom.

X. Financial Analysis and Assumptions

Financial projections and a pro-forma were developed and are enclosed.

The financial pro-forma was developed with the following assumptions in mind. The facility would be operationally financed through the following revenue streams:

- Medicaid waiver State Plan
- State/County Special Assistance Program
- Private pay residents at \$2,088/resident/month.
- Payroll costs are based on the statutory required client/staff ratio
- One full-time administrator
- Part-time activity director
- One full-time administrative assistant
- \$1,000/month reserve for replacement
- \$100/unit/ year of liability insurance
- Food preparation in house

The cost of conversion is not included in the pro forma but it is estimated to be under \$200,000. We have requested from the architect a final cost estimate of the conversion costs. It is anticipated that funding for the conversion will come from reserves or from City/County grants.

Payroll costs are based on the statutory required client/staff ratio. Payroll costs are the highest expense in an assisted living facility followed by food costs. A management fee of 6% of total revenue has been included in case that the Authority decides to have an outside firm manage the operation.

Liability insurance for the residential care facility, a requirement for licensing, is currently very high given the incidence of lawsuits in nursing homes. For the purposes of this pro forma, we will budget liability insurance at the increased cost of \$100/unit per year. This is realistic given the fact that it may be optional due to sovereign immunity for a local governmental authority.

XI. Staff Recommendations

Discussions with staff were conducted. They agreed that an increasing number of residents are in need additional services now like personal care, medical assistance, housekeeping/laundry, medication management, 24-hour supervision and transportation. They were enthusiastic about the possibility of 24 hour on site awake staff being available if services were to be provided by the Authority.

The group agreed on the following issues:

- Assisted living services were very much needed, particularly, personal care, medication management, and 24-hour supervision.
- Providing services to disabled adults will help alleviate some of the major problems faced by staff and residents.
- The facility is well equipped for conversion and the entire building should be licensed to avoid relocation.
- The residents would like to have the option of staying at home with the required services when too frail to live independently.

The staff feels that at least 25 residents would benefit today from these services. All of these residents are Medicaid eligible. Of the residents identified as needing assistance, most suffer from high blood pressure, diabetes, have ambulatory difficulties, and sight deficiencies. The staff felt that with 24-hour supervision, medication management and a proper diet, their mental and physical health will improve.

In the past twelve months, nine residents have been transferred to nursing homes and eight have died. The staff coordinates assisted living services with the local Social Service Department. Availability is restricted to the percentage of beds allocated to Medicaid eligible residents. Providing assisted living services would have prevented these residents from either dying or leaving the authority.

A meeting with a large group of residents revealed that most residents were supportive of bringing assisted living services to the authority.

Residents want to be part of the planning of this project and the availability of temporary rehabilitative services. Some felt that they did not need the services at this time. However, other residents stated that they would take advantage of these services immediately.

XII. Recommendations:

We strongly recommend that The Wilson Housing Authority move forward in converting Tasman Towers as an adult care home to provide services to their frail elderly and disabled adult residents as well as to other clients in the County/City of Wilson area. Contrary to our findings, the State has determined that there are sufficient number of adult home care beds within Wilson County and will not accept applications for a certificate of need for new beds. The certificate of needs is a pre condition to obtaining an adult home care license. Thus we recommend that an exemption to the Certificate of Need be requested order to proceed to licensing. There are two ways we recommend that this be done. First a demonstration project can be requested through the Legislature. The law regulating the development of adult care homes also allows County Commissioners to request the addition of new beds if there exists a need for these beds. Our research has indicated that the demand for adult home care beds in the County and City of Wilson is greater than what is currently available.

The Authority Tasman Towers should be licensed entirely, thus providing a true aging-in-place program and avoiding relocation. However, the other elderly/disabled residents living in the facilities will be catered to by transferring these residents to Tasman. The high rise has been designated elderly/disabled only and assisted living services are being included in the Authority Master Plan.

There is a definite demand for assisted living services among the authority residents given the age and degree of frailty of most residents and the lack of affordable assisted living services in the area.

Tasman Towers will require the reconnection of the personal alarm systems, an expansion of the existing kitchen, installation of lighted exit lights, lever knobs, signaling mechanisms on exist doors, fire extinguishers throughout, grab bars on one side of corridors, creation of a staff station and an administrator office.

This project can become a catalyst in helping the authority deal with the mass longevity of its population while saving Medicaid budget

funds. Diverting authority residents away from nursing homes will result in considerable savings to the federal and state budgets.

This facility will cater to both Medicaid waiver eligible clientele, and also those "private pay" clients that do not meet the Medicaid income requirements of \$1,163.50/month. The average age of the authority elderly residents is 76 years old with increasing incidence of impairment.

Interviews with staff of the Authority revealed that there is an enthusiastic support for a residential care facility within the authority. They feel confident that 25 current residents will join the program immediately with 25 additional residents joining the program within the first year. Authority residents were in full support of bringing these services to Tasman and felt that there is an increasing need among residents for assisted living services.

There is a great need for additional services/activities, particularly assistance with bathing, meal preparation, ambulating, 24-hour supervision, and supervision of medication, and transportation.

The demand for assisted housing for the elder/disabled public housing resident will continue to grow exponentially given the aging of the population in public housing, adjacent area, changes in the welfare system, medical advances in treating certain diseases as chronic rather than terminal, the lack of affordable assisted living facilities, and other factors.

The subject property is strategically located close to community and health agencies, thus enabling the authority to form natural partnerships for the delivery of needed services.

It is estimated that the cost of conversion will be about \$200,000.00. The pro forma developed from the assumptions herein reveal an operational profit of \$359,733.48 for the first year of operation. It is suggested that \$136,063 be earmarked for budget shortfalls. In view that the facility is usually fully occupied we estimate that only 50 residents will receive services during the first year of operation. However, with only 50 residents it is estimated that during the second year of operation the operation will produce \$523,004.80 in revenues over expenses.

XIII. Appendix A

**MIA Consulting Group, Inc.
Request for Information from PHA
To Conduct Feasibility Study**

- The total number of elderly residents (62+ years) living in public housing, with ages, income levels and if available any disability (e.g. wheel-chair, blindness etc.).
- The total number of elderly residents (62+ years) under the Section 8 program, with ages, income levels, and if available any disabilities.
- The number of residents on the waiting list for public housing, how long they have been on the waiting list, their average ages (e.g. of 250 in waiting list, 120 are 62 years and older).
- List the reasons why clients on the waiting list have been refused offers in the facilities.
- Number of vacancies during the past six months with reasons (e.g. died, left for health reasons, went to nursing home, etc.).
- A list of the services being provided by the PHA to residents, coordination of services (e.g. arranges for homemakers to how many residents), any information about level of frailty of these residents (do not include names just percentages – e.g. 10% suffer from dementia, 50% diabetic, blindness, etc.)
- Description of sites to be inspected (e.g. year built), how many floors, units, what kind of units (e.g. one-bedroom etc.), vacancy rates (e.g. two units vacant or 98% full), proximity to community agencies, hospitals, public transportation, shopping centers etc. If the building has been updated recently note when and what was done to it (optional). List any description of common areas (e.g. main floor has a community room with a large kitchen, laundry facilities). Describe the units (e.g. carpet, air conditioning, personal alarm systems, sprinklers, etc.).
- Prepare the financial information about the entire operation to determine any reserves for conversion, utility costs, USHUD subsidies, and liability insurance costs. Please note: this information does not have to be the actual financial statements but all the above information will be needed by the consultants prior to coming or during the meeting with director.

XIII. Appendix B

Bringing Assisted Living Services to Public Housing

These are services provided to frail residents of public housing who are at risk of entering a nursing home. These residents may be receiving homemaker services, but these are not enough to keep them at home. This is a totally voluntary program and only the residents who are assessed by their doctor and the state as needing these services are allowed to participate.

If provided within the facility, elderly frail residents wishing to receive the services will remain in their units with the additional services. Without these services these residents may be forced into a nursing home or a private ALF in the community.

Assisted living is based on a home model. It is **NOT** a nursing home but an alternative to a nursing home. It is **NOT** for independent residents. The facility remains under the ownership of the Authority and residents retain their public housing resident status.

What services are provided?

The main assisted living services are supervision and administration of medication by certified medication assistants, three meals a day, with special diets, arrangement for transportation to doctor's offices, housekeeping, laundry and assistance with activities of daily living (bathing, dressing, ambulating, transferring, feeding, and grooming) and nursing oversight. Room and board are not included. Services are reimbursed by Medicaid if eligible.

There are no doctors on the premises and residents retain their doctors. Medications are included for Medicaid eligible residents or the cost is billed to the resident's HMO/insurance. Residents can and do opt out of the assisted living program if their health improves and can function independently. Residents return to being public housing residents only.

What is the Cost?

There is no cost to the resident that is not part of the assisted living program. For residents who want assisted living services and on Medicaid, the services are covered by the Medicaid Program. They

still pay rent, utilities and meals and for residents who receive SSI, they retain \$46/month from their social security check as a personal allowance.

For residents that want assisted living services but are non-Medicaid, they pay the facility. Their cost is \$2,800/month. Additional services are available at an additional cost.



XIII. Appendix C

Residential Care Facility Questionnaire

- 1) Are you familiar with Residential Care Facilities?
- 2) Do you know of someone residing in a Residential Care Facility?
- 3) How many residents need these services in your building?
- 4) Can you think of anybody that could have stayed at home if these services were available?
- 5) Which services are most needed by the residents in your building?
 - 24 hour supervision
 - Supervision and administration of medication
 - Bathing
 - Toileting
 - Grooming
 - Ambulating
 - Dressing
 - Transferring
- 6) If you could not take care of yourself and had to go to a nursing home, would you like to have these assisted living facility services available to you as an alternative?
- 7) Would you give your social security check to pay for all of the services? If you could keep a small allowance for yourself?
- 8) Would you and your family be willing to pay for these services?
- 9) Do people in your building presently need help with the following:
 - Writing checks, paying bills, balancing the checkbook
 - Using the telephone
 - Physically moving around the apartment
 - Use one of the following to move around:
 - A person
 - Railing
 - Cane
 - Walker
 - Wheelchair
 - Combination/other
 - Grooming
 - Selecting clothes or getting dressed
 - Preparing balanced meals
 - Bathing
 - Using the bathroom when needed
 - Shopping and running errands
 - Doing laundry and personal housekeeping
 - Driving self or arranging to take the buses
 - Taking medications at the appropriate times of the day.